



266583
Laura Bateman
Carolinas Rates & Regulatory Strategy
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August 31st, 2016

Jocelyn Boyd
Chief Clerk and Administrator
Public Service Commission of South Carolina
Post Office Drawer 11649
101 Executive Center Drive, Suite 100
Columbia, SC 29211

Dear Mrs. Boyd:

Enclosed per Docket No. 2006-268-E is the quarterly report of Duke Energy Carolinas, LLC for the twelve months ending June 30th, 2016. Debt coverage ratio of earnings to Fixed Charges was 4.54 for this time period.

The Certification of Steven K. Young, Executive Vice President & Chief Financial Officer, will be mailed under separate cover.

Please feel free to contact me at 919.546.3324 if you have any questions.

Sincerely,

Laura Bateman
Carolinas Rates & Regulatory Strategy
Duke Energy

Enclosures

pc: Mr. Dukes Scott, Executive Director
Office of Regulatory Staff
Ms. Dawn Hipp, Director Utilities, Safety & Transportation
Office of Regulatory Staff
Mr. Willie Morgan, Deputy Director Utilities Rates
Office of Regulatory Staff

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CERTIFICATION

(Certification must be signed by the Chief Executive Officer and the Chief Financial Officer)

I, Lynn J. Good, state and attest, under penalty of perjury, that the attached South Carolina Quarterly Report is filed on behalf of Duke Energy Carolinas, LLC, as required by the Public Service Commission of South Carolina; that I have reviewed said report and, in the exercise of due diligence, have made reasonable inquiry into the accuracy of the information and representations provided therein; and that, to the best of my knowledge, information, and belief, all information contained therein is accurate and true and contains no false, fictitious, fraudulent or misleading statements; that no material information or fact has been knowingly omitted or misstated therein, and that all information contained therein has been prepared and presented in accordance with all applicable South Carolina general statutes, Commission rules and regulations, and applicable Commission Orders. Any violation of this Certification may result in the Commission initiating a formal earnings review proceeding.

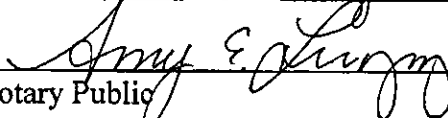

Signature of President

Lynn J. Good
Typed or Printed Name of Person Signing

President, CEO & Chair of BOD
Title

8/29/16
Date Signed

Subscribed and sworn to before me this 29th day of August, 2016.


Notary Public

My Commission Expires: 11/16/17



Duke Energy Carolinas, LLC
Electric Operating Experience - Total Company & SC Retail
12 Months Ended June 30, 2016

Line No.	Description	Total Company			SC Retail		
		Regulatory Per Books	Pro-Forma Adjustments	As Adjusted	Regulatory Per Books	Pro-Forma Adjustments	As Adjusted
	(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)	(Col. 7)
		\$	\$	\$	\$	\$	\$
1	Operating Revenues	\$ 7,041,123	\$ (259,595)	\$ 6,781,528	\$ 1,698,444	\$ (68,469)	\$ 1,629,975
2	Operating Expenses						
3	O&M Expenses - Fuel	1,381,072	-	1,381,072	342,333	(740)	341,593
4	O&M Expenses - Purchased Power and Net Interchange	304,927	-	304,927	75,464	-	75,464
5	O&M Expenses - Wages, Benefits, Materials, etc.	2,065,810	(127,060)	1,938,750	491,395	(36,660)	454,735
6	Depreciation & Amortization Expenses	1,105,609	42,758	1,148,367	239,985	8,904	248,889
7	Taxes Other Than Income	265,169	2,793	267,962	80,396	(231)	80,165
8	Income Taxes	563,202	(82,871)	480,331	143,085	(18,723)	124,362.09
9	Investment Tax Credit	(5,371)	-	(5,371)	(1,620)	3	(1,617)
10	Total Operating Expenses	5,680,418	(164,380)	5,516,038	1,371,039	(47,447)	1,323,592
11	Operating Return	1,360,705	(95,215)	1,265,490	327,405	(21,022)	306,383
12	Customer Growth	-	3,937	3,937	-	3,937	3,937
13	Interest on Customer Deposits (Before Taxes)	8,535	-	8,535	1,000	-	1,000
14	Total Income for Return	\$ 1,352,170	\$ (91,278)	\$ 1,260,892	\$ 326,405	\$ (17,085)	\$ 309,320
15	Rate Base						
16	Plant in Service	\$ 35,424,296	\$ 977,576	\$ 36,401,871	\$ 8,069,746	\$ 193,462	\$ 8,263,208
17	Reserve for Depreciation	(14,358,542)	(42,758)	(14,401,300)	(3,270,972)	1,084	(3,269,888)
18	Net Plant	21,065,754	934,818	22,000,571	4,798,774	194,546	4,993,320
19	Construction Work in Progress	191,373	1,271,874	1,463,247	44,907	291,126	336,033
20	Other Rate Base	(452,782)	-	(452,782)	(104,604)	-	(104,604)
21	Total Working Capital	2,166,673	(15,883)	2,150,791	518,848	(4,583)	514,266
22	Materials & Supplies	1,823,001	(126,342)	1,696,659	430,570	(31,351)	399,220
23	Accumulated Deferred Income Taxes	(6,610,062)	(59,828)	(6,669,890)	(1,522,285)	(10,804)	(1,533,089)
24	Total Rate Base	\$ 18,183,957	\$ 2,004,639	\$ 20,188,596	\$ 4,166,210	\$ 438,936	\$ 4,605,146
25	Rate of Return	7.44%		6.25%	7.83%		6.72%
26	Return on Equity	9.55%		7.39%	10.27%		8.24%

Duke Energy Carolinas, LLC
Electric Accounting & Pro Forma Adjustments
Total Company
12 Months Ended June 30, 2016

Adj. #	Description	Revenues	O&M Expenses Fuel	O&M Expenses Other	Deprec. & Amort. Expense	Taxes Other Than Income	Interest on Customer Deposits	Income Taxes @ 0.375235 37.52%	Investment Tax Credit
1	To Annualize Depreciation on Year-End Plant	\$ -	\$ -	\$ -	\$ 8,311	\$ -	\$ -	\$ (3,118)	\$ -
2	To Annualize Wage Rate Increase	-	-	(3,029)	-	(186)	-	1,206	-
3	To Update for Increased Benefits Costs	-	-	(3,157)	-	-	-	1,185	-
4	To Annualize Property Taxes on Year-End Plant	-	-	-	-	(2,006)	-	753	-
5	To Reflect CWIP Closings to Plant	-	-	-	34,447	5,011	-	(14,806)	-
6	To Adjust Income Taxes to Reflect Interest Synchronization	-	-	-	-	-	-	(18,049)	-
7	To Annualize Amortization of Buck and Bridgewater	-	-	-	-	-	-	-	-
8	To eliminate unbilled revenues	(25,982)	-	-	-	(26)	-	(9,740)	-
9	Adjust coal inventory	-	-	-	-	-	-	-	-
10	Adjust the amount of CWIP in rate base	-	-	-	-	-	-	-	-
11	Adjust 1/8 O&M for accounting and pro forma adjustments	-	-	-	-	-	-	-	-
12	To Exclude Greenwood Operations	-	-	-	-	-	-	-	-
13	To Normalize Nuclear Refueling Outage Costs	-	-	(3,662)	-	-	-	1,374	-
14	To remove SC Load Retention Rider revenues	278	-	-	-	-	-	106	-
15	To remove DSM/EE program revenues and program costs	(233,889)	-	(117,212)	-	-	-	(43,781)	-
	#REF!	-	-	-	-	-	-	-	-
TOTAL - ALL PRO FORMAS		<u>\$ (259,695)</u>	<u>\$ -</u>	<u>\$ (127,060)</u>	<u>\$ 42,758</u>	<u>\$ 2,793</u>	<u>\$ -</u>	<u>\$ (82,871)</u>	<u>\$ -</u>
		0	\$ -	\$ -	0	0	-	0	0

Adj. #	Description	Plant in Service	Accum. Deprec.	CWIP	ADIT	Other Rate Base	Working Cash	Materials & Supplies
1	To Annualize Depreciation on Year-End Plant	\$ -	\$ (8,311)	\$ -	\$ -	\$ -	\$ -	\$ -
2	To Annualize Wage Rate Increase	-	-	-	-	-	-	-
3	To Update for Increased Benefits Costs	-	-	-	-	-	-	-
4	To Annualize Property Taxes on Year-End Plant	-	-	-	-	-	-	-
5	To Reflect CWIP Closings to Plant	977,576	(34,447)	-	(59,828)	-	-	-
6	To Adjust Income Taxes to Reflect Interest Synchronization	-	-	-	-	-	-	-
7	To Annualize Amortization of Buck and Bridgewater	-	-	-	-	-	-	-
8	To eliminate unbilled revenues	-	-	-	-	-	-	-
9	Adjust coal inventory	-	-	-	-	-	-	(126,342)
10	Adjust the amount of CWIP in rate base	-	-	1,271,874	-	-	-	-
11	Adjust 1/8 O&M for accounting and pro forma adjustments	-	-	-	-	-	(15,883)	-
12	To Exclude Greenwood Operations	-	-	-	-	-	-	-
13	To Normalize Nuclear Refueling Outage Costs	-	-	-	-	-	-	-
14	To remove SC Load Retention Rider revenues	-	-	-	-	-	-	-
15	To remove DSM/EE program revenues and program costs	-	-	-	-	-	-	-
TOTAL - ALL PRO FORMAS		<u>\$ 977,576</u>	<u>\$ (42,758)</u>	<u>\$ 1,271,874</u>	<u>\$ (59,828)</u>	<u>\$ -</u>	<u>\$ (15,883)</u>	<u>\$ (126,342)</u>
		0	0	0	0	0	0	\$ -

Duke Energy Carolinas, LLC
Electric Accounting & Pro Forma Adjustments
SC Retail
12 Months Ended June 30, 2016

Adj. #	Description	Revenues	O&M Expenses Fuel	O&M Expenses Other	Deprec. & Amort. Expense	Taxes Other Than Income	Interest on Customer Deposits	Income Taxes @ 0.3825 38.25%	Investment Tax Credit
1	To Annualize Depreciation on Year-End Plant	\$ -	\$ -	\$ -	\$ 1,836	\$ -	\$ -	\$ (702)	\$ -
2	To Annualize Wage Rate Increase	-	-	(723)	-	(44)	-	293	-
3	To Update for Increased Benefits Costs	-	-	(754)	-	-	-	288	-
4	To Annualize Property Taxes on Year-End Plant	-	-	-	-	(1,057)	-	404	-
5	To Reflect CWIP Closings to Plant	-	-	-	7,832	1,126	-	(3,426)	-
6	To Adjust Income Taxes to Reflect Interest Synchronization	-	-	-	-	-	-	(3,522)	-
7	To Annualize Amortization of Buck and Bridgewater	-	-	-	-	-	-	-	-
8	To eliminate unbilled revenues	(12,514)	-	-	-	(13)	-	(4,782)	-
9	Adjust coal inventory	-	-	-	-	-	-	-	-
10	Adjust the amount of CWIP in rate base	-	-	-	-	-	-	-	-
11	Adjust 1/8 O&M for accounting and pro forma adjustments	-	-	-	-	-	-	-	-
12	To Exclude Greenwood Operations	(888)	(740)	(1,122)	(764)	(243)	-	758	3
13	To Normalize Nuclear Refueling Outage Costs	-	-	(3,087)	-	-	-	1,181	-
14	To remove DSM/EE program revenues and program costs	(55,343)	-	(30,975)	-	-	-	(9,321)	-
15	To remove SC Load Retention Rider revenues	276	-	-	-	-	-	106	-
TOTAL - ALL PRO FORMAS		<u>\$ (68,469)</u>	<u>\$ (740)</u>	<u>\$ (36,660)</u>	<u>\$ 8,904</u>	<u>\$ (231)</u>	<u>\$ -</u>	<u>\$ (18,723)</u>	<u>\$ 3</u>

Adj. #	Description	Plant In Service	Accum. Deprec.	CWIP	ADIT	Deferred Debit/Credit	Working Cash	Materials & Supplies
1	To Annualize Depreciation on Year-End Plant	\$ -	\$ (1,836)	\$ -	\$ -	\$ -	\$ -	\$ -
2	To Annualize Wage Rate Increase	-	-	-	-	-	-	-
3	To Update for Increased Benefits Costs	-	-	-	-	-	-	-
4	To Annualize Property Taxes on Year-End Plant	-	-	-	-	-	-	-
5	To Reflect CWIP Closings to Plant	219,848	(7,832)	-	(13,455)	-	-	-
6	To Adjust Income Taxes to Reflect Interest Synchronization	-	-	-	-	-	-	-
7	To Annualize Amortization of Buck and Bridgewater	-	-	-	-	-	-	-
8	To eliminate unbilled revenues	-	-	-	-	-	-	-
9	Adjust coal inventory	-	-	-	-	-	-	(31,351)
10	Adjust the amount of CWIP in rate base	-	-	291,126	-	-	-	-
11	Adjust 1/8 O&M for accounting and pro forma adjustments	-	-	-	-	-	(4,583)	-
12	To Exclude Greenwood Operations	(26,386)	10,752	-	2,651	-	-	-
13	To Normalize Nuclear Refueling Outage Costs	-	-	-	-	-	-	-
14	To remove DSM/EE program revenues and program costs	-	-	-	-	-	-	-
15	To remove SC Load Retention Rider revenues	-	-	-	-	-	-	-
TOTAL - ALL PRO FORMAS		<u>\$ 193,462</u>	<u>\$ 1,084</u>	<u>\$ 291,126</u>	<u>\$ (10,804)</u>	<u>\$ -</u>	<u>\$ (4,583)</u>	<u>\$ (31,351)</u>

Duke Energy Carolinas, LLC
Statement of Fixed Assets - Electric
12 Months Ended June 30th, 2016

Line

No. Description

(Col. 1)		(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)	(Col. 7)
		\$	\$	\$	\$	\$	\$
Gross Plant in Service							
1	Intangible Plant	\$ 743,822	\$ 25,913	\$ 769,735	\$ 169,448	\$ 5,995	\$ 175,443
2	Production	19,887,145	591,584	20,478,729	4,530,424	136,368	4,666,792
3	Transmission	3,450,251	155,247	3,605,498	785,990	28,662	814,652
4	Distribution	10,483,281	70,751	10,554,032	2,388,161	17,872	2,406,033
5	General	846,946	134,082	981,028	192,940	30,951	223,891
6	Common		-	-		-	-
	Subtotal	35,411,445	977,576	36,389,020	8,066,964	219,848	8,286,812
7	Plant Held for Future Use	12,851	-	12,851	2,782	-	2,782
8	Greenwood					(26,386)	(26,386)
9	Total Gross Plant In Service	\$ 35,424,296	\$ 977,576	\$ 36,401,871	\$ 8,069,746	\$ 193,462	\$ 8,263,208
Construction Work In Progress							
10	Production	\$ 135,034	\$ 986,916	\$ 1,121,951	\$ 32,136	\$ 227,497	\$ 259,633
11	Transmission	11,505	92,322	103,827	2,084	17,045	19,129
12	Distribution	4,522	109,478	114,000	1,140	27,654	28,795
13	General	8,315	34,787	43,102	1,969	8,030	9,999
14	Intangible	31,997	48,370	80,367	7,577	10,900	18,477
15	Total Construction Work In Progress	\$ 191,373	\$ 1,271,874	\$ 1,463,247	\$ 44,907	\$ 291,126	\$ 338,033

Duke Energy Carolinas, LLC
Reserve for Depreciation - Electric
12 Months Ended June 30, 2016

Line No.	Description	Total Company			SC Retail		
		Per Books	Adjustments	As Adjusted	Per Books	Adjustments	As Adjusted
	(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)	(Col. 7)
		\$	\$	\$	\$	\$	\$
1	Intangible Plant	\$ (480,000)	\$ (741)	\$ (480,741)	\$ (109,347)	\$ (171)	\$ (109,519)
2	Production	(7,684,928)	(23,431)	(7,708,360)	(1,750,678)	(5,401)	(1,756,079)
3	Transmission	(1,368,250)	(5,542)	(1,373,792)	(311,696)	(1,023)	(312,720)
4	Distribution	(4,488,572)	(3,824)	(4,492,396)	(1,022,527)	(957)	(1,023,484)
5	General	(336,791)	(9,220)	(346,011)	(76,723)	(2,115)	(78,838)
6	Common					-	-
7	Greenwood					10,752	10,752
8	Total Reserve for Depreciation	\$ (14,358,542)	\$ (42,758)	\$ (14,401,300)	\$ (3,270,972)	\$ 1,084	\$ (3,269,888)

Duke Energy Carolinas, LLC
Other Rate Base - Electric
12 Months Ended June 30, 2016

Line No.	Description	Total Company			SC Retail		
		Per Books	Adjustments	As Adjusted	Per Books	Adjustments	As Adjusted
	(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)	(Col. 7)
		\$	\$	\$	\$	\$	\$
1	Operating Reserves	\$ (452,782)	\$ -	\$ (452,782)	\$ (104,604)	\$ -	\$ (104,604)
2							
3							
4							
5							
6							
7							
8	Total Other Rate Base	\$ (452,782)	\$ -	\$ (452,782)	\$ (104,604)	\$ -	\$ (104,604)

Duke Energy Carolinas, LLC
Total Working Capital - Electric
12 Months Ended June 30, 2016

Line No.	Description	Total Company			SC Retail		
		Per Books	Adjustments	As Adjusted	Per Books	Adjustments	As Adjusted
(Col. 1)	(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)	(Col. 7)	(Col. 7)
	\$	\$	\$	\$	\$	\$	\$
1	Twelve Month O&M Expenses	\$ 3,174,238	\$ (127,060)	\$ 3,047,178	\$ 766,053	\$ (36,660)	\$ 729,392
2	Working Cash (1/8 of O&M Expenses on Line 1)	\$ 398,780	\$ (15,883)	\$ 380,897	\$ 95,757	\$ (4,583)	\$ 91,174
3	Average Tax Accruals	(91,999)	-	(91,999)	(20,958)	-	(20,958)
4	Subtotal: Investor Funds for Operations	304,780	(15,883)	288,898	74,798	(4,583)	70,216
5	Unamortized Debt	120,319	-	120,319	26,298	-	26,298
6	Required Bank Balance	300	-	300	25,294	-	25,294
7	Prepayments	32,246	-	32,246	7,346	-	7,346
8	Customer Deposits	(132,828)	-	(132,828)	(29,407)	-	(29,407)
9	Other	1,841,856	-	1,841,856	414,518	-	414,518
	Other Detail						
	Pension Funding	460,127		460,127	108,249		108,249
	SC DEP Deferred Depreciation and Reg Liability-book depreciation	(4,646)		(4,646)	(16,758)		(16,758)
	COR Reversal	102,794		102,794	44,798		44,798
	WC - Other - Injuries and Damages	569,852		569,852	134,063		134,063
	Reg Asset - FAS 109/Tax related	684,465		684,465	198,971		198,971
	SC Storm Reserve	(19,012)		(19,012)	(19,012)		(19,012)
	Other Misc	48,276		48,276	(35,792)		(35,792)
10	Total Working Capital	\$ 2,166,673	\$ (15,883)	\$ 2,150,791	\$ 518,848	\$ (4,583)	\$ 514,266

Duke Energy Carolinas, LLC
Materials & Supplies - Electric
12 Months Ended June 30, 2016

Line No.	Description	Total Company			SC Retail		
		Per Books	Adjustments	As Adjusted	Per Books	Adjustments	As Adjusted
(Col. 1)		(Col. 2)	(Col. 3)	(Col. 4)	(Col. 5)	(Col. 6)	(Col. 7)
		\$	\$	\$	\$	\$	\$
	Fuel Stock						
1	Fossil	412,175	(126,342)	285,832	102,277	(31,351)	70,927
2	Nuclear	625,588		625,588	155,234		155,234
3	Total Fuel Stock	1,037,762	(126,342)	911,420	257,511	(31,351)	226,160
4	Emission Allowances	28,171	-	28,171	6,209	-	6,209
5	Other Electric Materials and Supplies	757,068	-	757,068	166,851	-	166,851
6	Total Materials & Supplies	\$ 1,823,001	\$ (126,342)	\$ 1,696,659	\$ 430,570	\$ (31,351)	\$ 399,220

Note: (a) Adjustment to per book coal inventory balance to reflect target inventory level.

	Total Company	SC Retail
Coal Inventory Target Level (in tons)	2,525	
Price per Ton - Coal	\$97.50	
Total Company Pro Forma Inventory	<u>\$ 246,203</u>	<u>\$ 61,093</u>
Per Book Coal Inventory	\$372,545.56	\$92,443.59
Coal Adjustment	<u>\$ (126,342)</u>	<u>\$ (31,351)</u>

Duke Energy Carolinas, LLC
Cost of Capital - Electric Operations
12 Months Ended June 30, 2016

Total Company													
Per Books							As Adjusted						
Line No.	Description	Amount (Col. 1)	Ratio (Col. 2)	Retail Rate Base (Col. 3)	Embedded Cost/ Return (Col. 4)	Weighted Cost/ Return (Col. 5)	Operating Income (Col. 6)	Amount (Col. 7)	Ratio (Col. 8)	Retail Rate Base (Col. 9)	Embedded Cost/ Return (Col. 10)	Weighted Cost/ Return (Col. 11)	Operating Income (Col. 12)
1	Long Term Debt	\$ 8,935,820	44.97%	\$ 8,176,670	4.85%	2.18%	396,568	\$ 8,935,820	44.97%	\$ 9,078,083	4.85%	2.18%	\$ 440,287
2	Preferred Stock												
3	Common Equity	10,936,399	55.03%	10,007,287	9.55%	5.26%	955,602	10,936,399	55.03%	11,110,513	7.39%	4.07%	820,605
4	Total	\$ 19,872,219	100.00%	\$ 18,183,957			\$ 1,352,170	\$ 19,872,219	100.00%	\$ 20,188,596			\$ 1,260,892

South Carolina													
Per Books							As Adjusted						
Line No.	Description	Amount (Col. 1)	Ratio (Col. 2)	Retail Rate Base (Col. 3)	Embedded Cost/ Return (Col. 4)	Weighted Cost/ Return (Col. 5)	Operating Income (Col. 6)	Amount (Col. 7)	Ratio (Col. 8)	Retail Rate Base (Col. 9)	Embedded Cost/ Return (Col. 10)	Weighted Cost/ Return (Col. 11)	Operating Income (Col. 12)
5	Long Term Debt	\$ 8,935,820	44.97%	\$ 1,873,394	4.85%	2.18%	\$ 90,860	\$ 8,935,820	44.97%	\$ 2,070,768	4.85%	2.18%	\$ 100,432
6	Preferred Stock												
7	Common Equity	10,936,399	65.03%	2,292,816	10.27%	5.65%	235,545	10,936,399	65.03%	2,534,378	8.24%	4.53%	208,888
8	Total	\$ 19,872,219	100.00%	\$ 4,166,210			\$ 326,405	\$ 19,872,219	100.00%	\$ 4,605,146			\$ 309,320

Notes: (a) Long term debt includes Mortgage and Pollution Control Bonds, Senior Debt, Capital Leases and Unamortized Debt expense, discounts and premiums. Current long term debt maturities are excluded.

(b) Includes net of tax Progress merger costs to achieve of approximately \$8 million.

(c) Includes net of tax Piedmont merger costs to achieve of approximately \$218 thousand.